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FISCAL POLICY AND THE DIGITALIZATION OF TAX ADMINISTRATION

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Abstract:
Digitalization is becoming a strategic direction in the transformation of fiscal policy, enhancing its efficiency, transparency, and sustainability. This article examines the impact of digital technologies on tax administration, analyzing international case studies using examples from countries such as Estonia, South Korea, and Brazil. It also proposes pathways for further development. Special attention is given to digital platforms, artificial intelligence systems, and big data processing. The findings of the study confirm the high importance of digitalization in ensuring the sustainability of public finances in the 21st century.

Keywords: Fiscal policy, digitalization, tax administration, artificial intelligence, big data, international experience.

Introduction

Fiscal policy serves as a key instrument of macroeconomic regulation aimed at stabilizing the economy and ensuring the effective redistribution of resources. With the development of the digital economy, profound changes are taking place in approaches to tax administration: traditional methods are giving way to intelligent platforms operating in real time. The purpose of this article is to conduct a comprehensive analysis of the transformation of fiscal policy under the influence of digitalization, identify successful international practices, and substantiate directions for its further development. The methodology is based on structural-functional and comparative analysis, as well as elements of the empirical approach, utilizing statistical data and reports from international

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organizations.Классическая фискальная политика предполагает регулирование совокупного спроса через налоги и государственные расходы. Её традиционные функции включают стабилизационную (сглаживание циклов), аллокационную (распределение ресурсов) и распределительную (выравнивание доходов).

In the context of digitalization, a new function emerges — the transformational function — which entails a structural renewal of interaction channels between the state, businesses, and the population. The fiscal system acquires characteristics of openness, predictability, and automation. The theoretical foundation is based on the concepts of e-government, digital transformation, and institutional economics.

Modern tax administration relies on a wide range of digital solutions: electronic reporting, remote tax consultations, end-to-end verification systems, digital identifiers, and APIs for interaction with banks and accounting platforms.

Particular attention is given to the use of machine learning algorithms and big data analytics, which enable the identification of tax gaps, the prediction of taxpayer behavior, and the automatic generation of tax reports.

International Experience in the Digitalization of Tax Systems

Estonia. Estonia is considered a global leader in the field of digital governance. The e-Tax platform enables taxpayers to submit tax declarations within minutes, automatically calculates liabilities, is integrated with banking systems, and covers virtually all types of taxes.

Thanks to digitalization, the voluntary compliance rate has reached 96%, and the share of tax revenue in GDP increased from 28.1% to 33.5% over a period of ten years.

South Korea. South Korea has implemented the Smart Tax strategy, which is based on big data processing and predictive analytics algorithms. The system identifies discrepancies and potential cases of tax evasion in real time and provides personalized notifications to taxpayers.

According to the Ministry of Finance, fiscal discipline in the country improved by 4.3%, and tax revenues increased from 25.6% to 29.2% of GDP.

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Brazil. Brazil has implemented the SPED system — a unified digital reporting platform that covers accounting, value-added tax (VAT), and other taxes. All transactions are accompanied by electronic fiscal documents.

The system has led to a 30% reduction in tax violations and an increase in tax revenues by more than 10%.

To quantitatively assess the effectiveness of tax system digitalization, data from four countries were analyzed. The key indicators include the growth of tax revenue as a share of GDP, the level of voluntary compliance, the reduction in tax evasion, and savings in administrative costs.

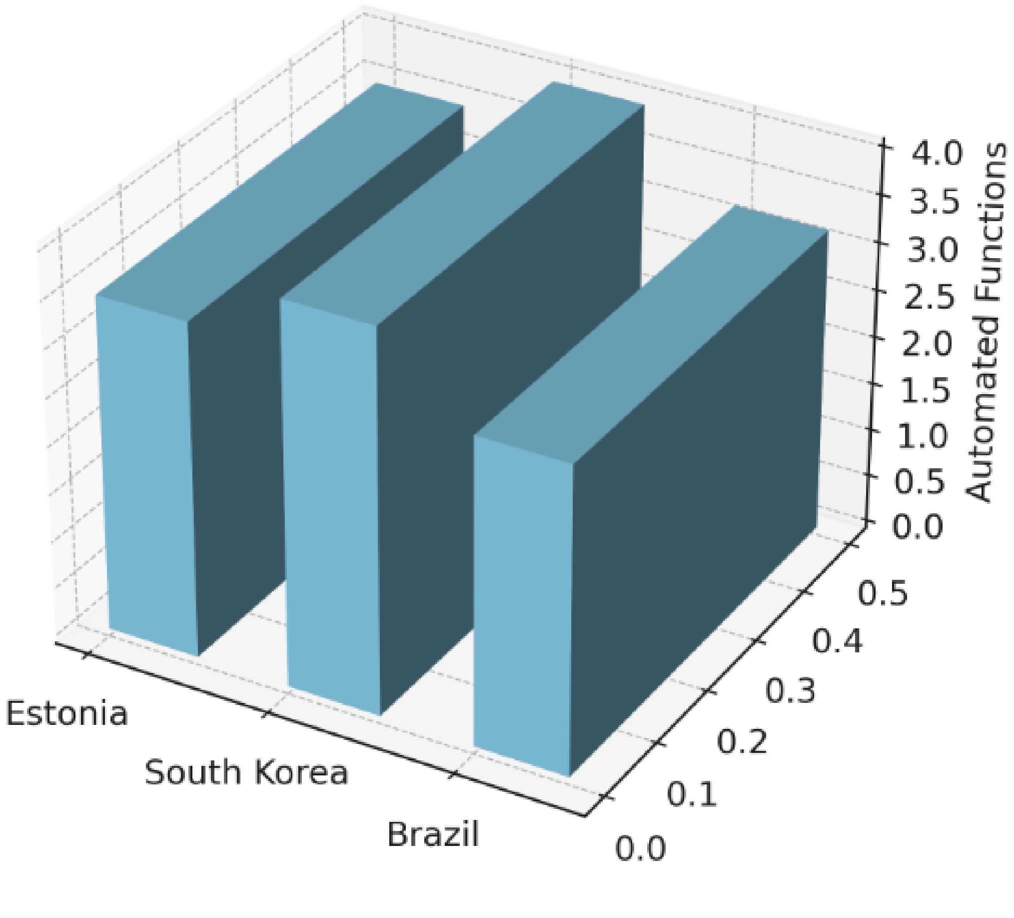

Figure 1. Level of Automation of Key Tax Functions (3D Model)

As shown in the 3D graph, the highest level of automation is observed in South Korea, where all key digital tools have been implemented — from electronic filing of tax returns to remote auditing. Estonia and Brazil demonstrate similar results, effectively utilizing digital platforms for the collection and analysis of tax

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information. Based on the analysis conducted, the following measures are proposed to strengthen the digital fiscal infrastructure:

1. Development of cloud-based mobile solutions for small and medium-sized enterprises;
2. Implementation of intelligent monitoring and auditing systems;
3. Standardization of tax information exchange at the international level;
4. Enhancement of taxpayers' digital literacy through educational programs.

According to forecasts by international organizations such as the International Monetary Fund (IMF) and the Organisation for Economic Co-operation and Development (OECD), the digitalization of fiscal policy is expected to cover more than 80% of national jurisdictions over the next ten years. A widespread adoption of blockchain technologies is anticipated to enhance reporting transparency, along with the use of neural networks for automatic detection of tax evasion schemes and the development of global platforms for tax information exchange. Uzbekistan has the potential to join the ranks of leading countries, provided that digital reforms continue consistently.

The digitalization of fiscal policy is not merely a modernization of tax authorities but a transition to a new model of public governance. The experience of countries with a high level of digitalization demonstrates significant advantages: increased revenue collection, greater public trust in the system, and reduced administrative costs. Against this backdrop, the relevance of continued digital transformation of tax administration in countries is only growing.

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